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FISCAL IMPACT STATEMENT

LS 7321

BILL NUMBER: HB 1244

NOTE PREPARED: Feb 11, 2003

BILL AMENDED: Feb 10, 2003

SUBJECT: Rainy Day Fund.

FIRST AUTHOR: Rep. Ayres

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill provides that a local rainy day fund may be established only by ordinance or resolution. The bill requires the ordinance or resolution to specify the funding sources of the rainy day fund. It also specifies the funding sources permitted for a local rainy day fund.

Effective Date: July 1, 2003.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) Under current law, a local taxing unit may establish a local Rainy Day Fund. The unit may deposit into the fund unused and unencumbered funds up to a maximum of 10% of the unit's total budget for that year. The fund is subject to the appropriations process, and the use of the money must be consistent with the intent of the fund.

This provision would make several changes to the local Rainy Day Fund. Effective July 1, 2003, the proposal stipulates that the fund must be established by ordinance or resolution, depending on the type of unit establishing the fund.

The ordinance or resolution would have to include the fund's purpose and funding sources. Funding could come from budget appropriation, transfer of unused and unencumbered funds, gifts, and interest earnings.

A unit that establishes a local Rainy Day Fund prior to July 1, 2003, would have to adopt an ordinance or resolution by September 1, 2003, that specifies the funding sources of the fund.

These changes would define local Rainy Day Fund authorized uses, funding sources, and persons with decision-making authority. The bill would also expand the sources of funding and remove the maximum deposit limitation so units could deposit as much money in the fund as desired. The actual fiscal impact of this provision depends on local action.

State Agencies Affected:

Local Agencies Affected: Local taxing units.

Information Sources:

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